

## APPENDIX A

### GOVERNOR'S BUDGET REVISIONS

On December 15, the executive submitted amendments to the original executive budget as allowed under 17-7-112 (9), MCA. It is not unusual for the Governor to make adjustments to the budget at this time, however, it is unusual for the Governor to be in the position of making so many changes and for such a significant total amount. The changes discussed were precipitated by a revised outlook for state revenues projected by both the Governor's budget office and the Legislative Fiscal Division after the official revenue estimates were adopted by the Revenue and Transportation Interim Committee. A comparison of the Governor's fund balance analysis for the December 15 and November 15 budget submissions shows a reduction in general funds available for FY 2009 through FY 2011 of \$114.7 million.

On the disbursement side, the Governor's revision for expenditures from the general fund are:

- HB 2 net reductions of \$82.1 million
- Statutory appropriations net reductions of \$2.3 million
- Long-Range Planning reductions of \$47.9 million
- Transfers increases \$760,000
- The legislature's "feed bill" suggested reduction of \$270,000

The HB 2 reductions include a proposed increase in applied vacancy savings of 7 percent instead of the original 4 percent, and applied a 2 percent vacancy savings to the Judicial Branch, which was not subject to the vacancy savings in the original budget submission. The increased applied vacancy savings results in a general fund decrease of \$16.4 million, which might easily be characterized as an across-the-board cut, while the other HB 2 changes address specific program areas.

Non-general fund sources were impacted by the budget revision as well. Decision package changes in the revised budget combine to a net decrease in other funds expenditures of \$62.5 million. The fund sources include state special revenue funds, federal funds, proprietary funds, and current unrestricted funds. The previously mentioned vacancy savings change reduces the other funds budget by \$30.7 million, nearly half of the proposed decrease.

Figure 1 provides a detailed list of the decision package revisions that comprise the HB 2, statutory appropriations, and non-HB 2 proprietary fund changes in the Governor's revised budget submission. This list identifies the changes for each department by showing the decision package name but does not provide any detail beyond the dollar amount for each year of the 2011 biennium. Legislative Fiscal Division staff has prepared its *Legislative Budget Analysis* based upon the original November 15 budget submission, except for Long-Range Planning – Section F in Volume 7. Staff will develop an addendum for each agency budget for use in the joint appropriations subcommittees that will provide the needed detail as a cross-walk to the

revised submission. See Section F in Volume 7 for details of the revised Long-Range Planning budget.

Figure 1

2011 Biennium Executive Budget Revisions				
Adjustments Received December 15, 2008 - Per 17-7-112(9), MCA				
Agency	Fund	Decision Package	FY 2010	FY 2011
<u>House Bill 2</u>				
Legislative Branch	GF	NP0004 Reserve Funds for Obsolete Systems - OTO	(\$5,000,000)	\$0
Judicial Branch	GF	NP8101 Apply 2% Vacancy Savings Rate to Court	(400,750.00)	(406,636.00)
Judicial Branch	SSR	NP8101 Apply 2% Vacancy Savings Rate to Court	(26,816.00)	(26,920.00)
State Auditor	SSR	NP0316 Ins - Rates Actuary Analyst FTE	84,400.00	81,713.00
State Auditor	SSR	PL0103 CSD New Office Space	26,638.00	45,029.00
State Auditor	SSR	PL0311 Ins - New Office Space	141,694.00	243,739.00
State Auditor	SSR	PL0404 Securities New Office Space	33,757.00	57,666.00
Office of Public Instruction	GF	NP0003 School Foods Equip/Facility Mini Grants-Bien/OTO	(150,000.00)	0.00
Office of Public Instruction	GF	NP0021 21st Century E-learning - MT Virtual High School	(450,000.00)	(1,000,000.00)
Office of Public Instruction	GF	NP0025 Educator Licensure - Legal Work	0.00	0.00
Office of Public Instruction	GF	NP0026 Student Assessment	(325,000.00)	(325,000.00)
Office of Public Instruction	GF	NP0028 Quality Educator Payment	(1,300,000.00)	(2,600,000.00)
Office of Public Instruction	GF	NP0099 Quality Schools Resource Sharing	(100,000.00)	(100,000.00)
Office of Public Instruction	GF	NP0101 Quality School Facility Program	(4,078,000.00)	(4,627,000.00)
Office of Public Instruction	GF	PL0011 School Facilities Reimbursement	(250,000.00)	(250,000.00)
Office of Public Instruction	GF	PL0100 Guarantee Account Adjustment	0.00	501,000.00
Office of Public Instruction	GF	PL0201 K-12 BASE Aid - Present Law ANB Adjust	401,429.00	821,983.00
Crime Control Division	GF	PL0104 Consolidate Agency Operating Costs	0.00	0.00
Justice	GF	PL1805 Vehicle Replacement Program	(60,000.00)	(60,000.00)
Justice	GF	PL3203 Crime Lab Request for Equipment (Bien) - OTO	(47,500.00)	(64,000.00)
Justice	SSR	NP0110 State Special Revenue Funding Switch	0.00	0.00
Justice	SSR	NP0202 Ag Anti-Trust Attorney	102,485.00	97,369.00
Justice	SSR	NP1210 State Special Revenue Funding Switch	0.00	0.00
Justice	SSR	NP1310 State Special Revenue Funding Switch	0.00	0.00
Justice	SSR	NP2810 State Special Revenue Funding Switch	0.00	0.00
Justice	SSR	NP2910 State Special Revenue Funding Switch	0.00	0.00
Comm of Higher Ed	GF	NP0102 Information Resources, Planning, and Communication	(79,939.00)	(79,972.00)
Comm of Higher Ed	GF	NP0405 Reduce State Funding - Community Colleges	(68,609.00)	(134,005.00)
Comm of Higher Ed	GF	NP0802 Fund Deputy Commissioner for 2-Year Education	(50,000.00)	(50,000.00)
Comm of Higher Ed	FF	NP0802 Fund Deputy Commissioner for 2-Year Education	50,000.00	50,000.00
Comm of Higher Ed	GF	NP0920 PBS Restore One-Time Funding to be Ongoing	(200,000.00)	(200,000.00)
Comm of Higher Ed	GF	NP0950 Reduce State Funding - Educational Units	(2,278,514.00)	(3,056,093.00)
Comm of Higher Ed	GF	NP0960 Eliminate increase for Administrative Assessments	(237,342.00)	(309,823.00)
Comm of Higher Ed	GF	NP0970 Remove Present Law Pay Increases	(441,755.00)	(816,039.00)
Comm of Higher Ed	GF	NP1101 Restore One-Time Funding to be Ongoing	(461,400.00)	(461,400.00)
Comm of Higher Ed	GF	PL0930 General Fund Replacement with Six Mill Levy Funds	(1,900,000.00)	300,000.00
Comm of Higher Ed	SSR	PL0930 General Fund Replacement with Six Mill Levy Funds	1,900,000.00	(300,000.00)
Comm of Higher Ed	FF	PL1201 Loan Servicing Costs Increase	(4,716,171.00)	(5,568,273.00)
Comm of Higher Ed	GF	PL9000 Adjusted Base	0.00	0.00
Comm of Higher Ed	GF	PL9017 UM Agencies Combined Decision Packages	0.00	0.00
Comm of Higher Ed	GF	PL9018 Agencies Adjusted Base	0.00	0.00
Comm of Higher Ed	GF	PL9019 Ed Units Combined Decision Packages	0.00	0.00
University Units	CUF	PL0002 Faculty Promotions & Salary Floors	(535,728.00)	(1,067,541.00)
University Units	CUF	PL0003 Faculty Market/Merit Pay	(694,348.00)	(1,376,067.00)
University Units	CUF	PL0005 Contract/Classified Employee Market/Merit Pay	(574,688.00)	(1,122,301.00)
University Units	CUF	PL0008 Administrative Assessment	(51,947.00)	(86,291.00)
University Units	CUF	PL0012 Agencies O&M (Overhead)	(69,334.00)	(87,080.00)
University Units	CUF	PL0014 Fertilizer	(6,972.00)	(16,035.00)
School for Deaf & Blind	GF	NP0001 Early Intervention Services	(45,233.00)	(45,233.00)
Montana Arts Council	GF	NP0001 AISC Residencies	(3,880.00)	(9,429.00)
Montana Arts Council	GF	NP0004 Database and E-Grant - OTO	(20,320.00)	0.00
Montana Arts Council	SSR	NP0004 Database and E-Grant - OTO	(5,000.00)	0.00
Montana Arts Council	FF	NP0004 Database and E-Grant - OTO	(15,000.00)	0.00
Library Commission	GF	NP0007 Training Lab Replacement - Bien/OTO	(25,000.00)	0.00
Library Commission	GF	PL0001 Communications & Marketing Coordinator	(15,425.00)	(16,033.00)
Fish, Wildlife, & Parks	GF	NP0303 State Wildlife Grants, Fisheries - Bien/OTO	(250,000.00)	(250,000.00)
Fish, Wildlife, & Parks	GF	NP0501 State Wildlife Grants, Wildlife Bien (GF-OTO)	(250,000.00)	(250,000.00)

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2011 Biennium Executive Budget Revisions				
Adjustments Received December 15, 2008 - Per 17-7-112(9), MCA				
Agency	Fund	Decision Package	FY 2010	FY 2011
Environmental Quality	GF	PL5021 Public Water Supply Staff	(430,000)	(420,000)
Environmental Quality	SSR	NP5008 Air Program - Field Office Vehicles	(11,029)	(12,041)
Environmental Quality	FF	NP5008 Air Program - Field Office Vehicles	(5,514)	(6,021)
Transportation	SSR	NP0301 State Special Revenue Funding Switch	0	0
Transportation	SSR	PL4011 Aeronautics Division Cost Reduction	(211)	(250)
Transportation	FF	PL4011 Aeronautics Division Cost Reduction	211	250
Livestock	GF	NP0315 Brucellosis Herd Plan	(13,426)	(13,432)
Livestock	SSR	NP0315 Brucellosis Herd Plan	13,426	13,432
Livestock	GF	NP0409 Brucellosis Herd Plan	(209,724)	(352,637)
Livestock	SSR	NP0409 Brucellosis Herd Plan	209,724	352,637
Natural Resources	GF	NP2306 Montana Rural Water Systems (Bien/OTO)	(101,500)	(101,500)
Revenue	GF	NP80008 Improve Efficiency through Field Computers -OTO	(475,000)	(319,000)
Revenue	SSR	NP7021 Abandoned Property Program Workload Increase	115,212	103,662
Administration	GF	NP0304 CAFR Software -OTO	(200,000)	0
Administration	GF	NP0617 Provide Support to the Surplus Property Program	(200,000)	(200,000)
Administration	SSR	PL1401 Banking Professional Career Ladder Program	(104,175)	(208,350)
Administration	SSR	PL6110 Additional MLIA Grants	950,000	950,000
Public Defender	GF	NP0003 Increase in Contract Rates-Restricted	(60,000)	(120,000)
Public Defender	GF	NP0005 Union Career Ladder Pay Increases	(141,114)	(235,372)
Agriculture	GF	NP3005 Invasive Species Advisory Council Bien/OTO	(166,500)	(166,500)
Corrections	GF	NP0208 Annualize Mental Health Meds and Services	(246,094)	(246,094)
Corrections	GF	NP0219 Pre-Release/Treatment Prog Per Diem Rate Increase	(392,625)	(785,249)
Corrections	GF	NP0301 MSP Staff Transportation	(202,393)	(202,393)
Corrections	SSR	NP0301 MSP Staff Transportation	(41,428)	(41,428)
Corrections	GF	NP0313 Contract Beds Per Diem Increase	(60,581)	(121,162)
Corrections	GF	NP5101 JDIP Fund Reduction	(1,000,000)	(1,000,000)
Corrections	GF	PL0102 Leased Vehicles for Investigations	(11,087)	(11,087)
Corrections	GF	PL0201 Probation and Parole Population Growth	(132,245)	(103,361)
Corrections	GF	PL0202 TSCTC Full Time Registered Nurse	(59,397)	(57,367)
Corrections	GF	PL0205 Annualize Sex Offender Facility	(2,819,625)	(2,819,625)
Corrections	GF	PL0206 Annualize Northwest Prerelease	248,784	248,784
Corrections	GF	PL0216 Additional START Beds	430,700	430,700
Corrections	GF	PL0302 MSP Shift Relief Additional FTE	(34,771)	(23,243)
Corrections	GF	PL0314 Work Dorm Expansion	(92,500)	(92,500)
Corrections	GF	PL0315 MWP Correctional Counselors	(218,427)	(218,720)
Corrections	GF	PL0701 HR Training Support	(52,199)	(50,099)
Corrections	GF	PL0801 BOPP Secretary FTE	(36,585)	(33,997)
Commerce	GF	NP5190 BRD New Worker Training -OTO	(2,120,742)	(2,120,728)
Commerce	GF	NP5192 EPDD Energy Division -Reauthorize OTO	(125,000)	(125,000)
Commerce	GF	NP6106 2010 Decennial Census- OTO	(51,085)	(39,397)
Commerce	GF	NP7409 Manufactured Home Renovation - Bien/OTO	(354,886)	0
Commerce	SSR	NP7409 Manufactured Home Renovation - Bien/OTO	(354,886)	0
Commerce	GF	NP7410 Eliminate Manufactured Home Base Position	(92,938)	(92,952)
Commerce	SSR	PL6002 CDD Administrative Costs Adjustments HB 2	100,000	100,000
Commerce	GF	PL6105 Montana Equity Capital Act - OTO	(50,000)	(50,000)
Labor & Industry	GF	NP0102 21st Century Workforce	(275,000)	(275,000)
Military Affairs	GF	PL2104 Correct Adjusted Base Funding	137,396	137,463
Military Affairs	FF	PL2104 Correct Adjusted Base Funding	(137,396)	(137,463)
Public Health & Human Svc	GF	NP10009 Provider Rate Increase - DSD	(393,001)	(933,246)
Public Health & Human Svc	FF	NP10009 Provider Rate Increase - DSD	(411,048)	(962,969)
Public Health & Human Svc	GF	NP10012 Transitions Coordinator	(50,004)	(50,019)
Public Health & Human Svc	GF	NP10020 Early Intervention Caseload Growth	(1,130,289)	(1,179,403)
Public Health & Human Svc	SSR	NP10020 Early Intervention Caseload Growth	600,000	600,000
Public Health & Human Svc	GF	NP11016 Dental Expansion	(100,000)	(200,000)
Public Health & Human Svc	GF	NP11029 Federal Mandate to TGF and TFC	(166,189)	(168,540)
Public Health & Human Svc	FF	NP11029 Federal Mandate to TGF and TFC	(345,003)	(342,652)
Public Health & Human Svc	SSR	NP11033 Provider Rate Increase - CHIP	(3,772)	(7,749)

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2011 Biennium Executive Budget Revisions				
Adjustments Received December 15, 2008 - Per 17-7-112(9), MCA				
Agency	Fund	Decision Package	FY 2010	FY 2011
Public Health & Human Svc	FF	NP11033 Provider Rate Increase - CHIP	(12,844)	(25,896)
Public Health & Human Svc	GF	NP11044 Provider Rate Increase - Medicaid	(530,117)	(1,088,678)
Public Health & Human Svc	FF	NP11044 Provider Rate Increase - Medicaid	(1,100,512)	(2,213,348)
Public Health & Human Svc	GF	NP20018 Montana Hunger Reduction OTO	(125,000)	(125,000)
Public Health & Human Svc	GF	NP20019 Low-Income Energy Assistance Program (LIEAP) OTO	(200,000)	(200,000)
Public Health & Human Svc	GF	NP20020 Reduction of Child Care Market Rate Increase	(280,925)	(855,745)
Public Health & Human Svc	GF	NP22101 Continue Aging Services Funding	(1,050,000)	(1,050,000)
Public Health & Human Svc	GF	NP22103 HCBS Waiver Expansion	(40,000)	(600,000)
Public Health & Human Svc	FF	NP22103 HCBS Waiver Expansion	(84,727)	(1,258,160)
Public Health & Human Svc	GF	NP22106 Provider Rate Increase - Nursing Home	(364,351)	(868,648)
Public Health & Human Svc	FF	NP22106 Provider Rate Increase - Nursing Home	(756,385)	(1,766,014)
Public Health & Human Svc	GF	NP22107 Provider Rate Increase - Home Based	(89,205)	(218,354)
Public Health & Human Svc	FF	NP22107 Provider Rate Increase - Home Based	(185,188)	(443,926)
Public Health & Human Svc	GF	NP22108 Provider Rate Increase - Comm. Based Waiver	(75,903)	(181,537)
Public Health & Human Svc	FF	NP22108 Provider Rate Increase - Comm. Based Waiver	(157,573)	(369,077)
Public Health & Human Svc	GF	NP22109 Provider Rate Increase - Aging Services	(86,112)	(203,082)
Public Health & Human Svc	GF	NP30015 New FTE Package	(152,224)	15,000
Public Health & Human Svc	FF	NP30015 New FTE Package	(85,627)	150
Public Health & Human Svc	GF	NP30016 Provider Rate Increase - CFSD	(101,791)	(138,776)
Public Health & Human Svc	FF	NP30016 Provider Rate Increase - CFSD	(40,977)	(55,865)
Public Health & Human Svc	GF	NP33408 Annualize Intensive Community Services (Goal 189)	(400,000)	(400,000)
Public Health & Human Svc	GF	NP33701 Provider Rate Increase - AMDD	(235,275)	(483,059)
Public Health & Human Svc	SSR	NP33701 Provider Rate Increase - AMDD	(3,716)	(7,713)
Public Health & Human Svc	FF	NP33701 Provider Rate Increase - AMDD	(212,181)	(434,656)
Public Health & Human Svc	GF	NP33775 Restore Operating Base Budget Reduction @ MSH	(200,000)	(200,000)
Public Health & Human Svc	GF	NP60002 Temporary Services for Vital Statistics	(7,845)	(7,845)
Public Health & Human Svc	SSR	NP60002 Temporary Services for Vital Statistics	(8,639)	(8,639)
Public Health & Human Svc	GF	NP60003 Reimbursement Section FTE	(47,950)	2,775
Public Health & Human Svc	GF	NP60004 Internal Controls FTE	(34,355)	2,167
Public Health & Human Svc	SSR	NP60004 Internal Controls FTE	(13,332)	841
Public Health & Human Svc	FF	NP60004 Internal Controls FTE	(40,302)	2,542
Public Health & Human Svc	GF	NP70006 Fund Poison Control Hotline	0	(50,000)
Public Health & Human Svc	GF	PL10005 Rent For Non-State Facilities	8,850	0
Public Health & Human Svc	SSR	PL10005 Rent For Non-State Facilities	4,394	0
Public Health & Human Svc	FF	PL10005 Rent For Non-State Facilities	3,656	0
Public Health & Human Svc	GF	PL20006 OPA Offices and Central Office Rent Increases	43,286	3,201
Public Health & Human Svc	SSR	PL20006 OPA Offices and Central Office Rent Increases	451	34
Public Health & Human Svc	FF	PL20006 OPA Offices and Central Office Rent Increases	44,800	3,315
Public Health & Human Svc	GF	PL33504 Reduce MSH Base Budget - Equipment	(176,000)	(176,000)
Public Health & Human Svc	GF	PL50002 Child Support Enforcement Rent Increase	17,289	0
Public Health & Human Svc	FF	PL50002 Child Support Enforcement Rent Increase	33,561	0
Public Health & Human Svc	SSR	PL70100 Newborn Screening Follow-Up Program	161,980	161,980
Public Health & Human Svc	GF	PL90102 TSD Office Rent COL Increases	26,207	22,279
Public Health & Human Svc	SSR	PL90102 TSD Office Rent COL Increases	4,515	3,838
Public Health & Human Svc	FF	PL90102 TSD Office Rent COL Increases	30,782	26,169
Public Health & Human Svc	GF	PL90102 TSD Office Rent Increases	(25,909)	(22,279)
Public Health & Human Svc	SSR	PL90102 TSD Office Rent Increases	(4,463)	(3,838)
Public Health & Human Svc	FF	PL90102 TSD Office Rent Increases	(30,432)	(26,169)

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2011 Biennium Executive Budget Revisions				
Adjustments Received December 15, 2008 - Per 17-7-112(9), MCA				
Agency	Fund	Decision Package	FY 2010	FY 2011
Statewide	GF	NP7101 Fuel Inflation Reduction	(203,939)	(253,245)
Statewide	SSR	NP7101 Fuel Inflation Reduction	(429,916)	(493,313)
Statewide	FF	NP7101 Fuel Inflation Reduction	(76,286)	(87,555)
Statewide	PF	PL7101 Fuel Inflation Reduction	(9,677)	(11,104)
Statewide	CUF	PL7101 Fuel Inflation Reduction	(60,319)	(69,236)
Statewide	GF	PL8101 Increasing 4% Vacancy Savings to 7%	(7,778,954)	(7,794,962)
Statewide	SSR	PL8101 Increasing 4% Vacancy Savings to 7%	(6,599,333)	(6,627,722)
Statewide	FF	PL8101 Increasing 4% Vacancy Savings to 7%	(4,343,343)	(4,354,594)
Statewide	PF	PL8101 Increasing 4% Vacancy Savings to 7%	(171,552)	(172,033)
Statewide	CUF	PL8101 Increasing 4% Vacancy Savings to 7%	(4,183,305)	(4,187,534)
HB 2 Sub-total			(\$63,754,917)	(\$71,561,601)
General Fund			(41,645,508)	(40,470,144)
Other Funds			(22,109,409)	(31,091,457)
<u>Statutory Appropriations</u>				
Administration	GF	NP0110 Debt Service for New School Trust Lands	(\$496,363)	(\$986,851)
Administration	GF	PL0107 Bond Debt Service and Costs	1,062,221	1,180,273
Agriculture	GF	NP5008 Extend Growth Through Agriculture Program	0	(625,000)
Commerce	GF	NP5001 R&C MT Economic Development Statutory	0	(2,375,000)
Office of Public Instruction	SSR	PL0100 Guarantee Account Adjustment	0	(501,000)
Statewide	GF	NP8101 Increasing 4% Vacancy Savings to 7%	(15,754)	(15,789)
Statewide	SSR	NP8101 Increasing 4% Vacancy Savings to 7%	(101,354)	(101,745)
Statewide	SSR	PL7101 Fuel Inflation Reduction	(6,795)	(7,799)
Statutory Appropriations Sub-total			\$441,955	(\$3,432,911)
General Fund			550,104	(2,822,367)
Other Funds			(108,149)	(610,544)
<u>Non-HB 2 Proprietary Funds</u>				
Administration	PF	NP2101 Workers' Compensation Program 3.00 FTE	(\$47,353)	(\$50,850)
Commerce	PF	PL8107 MSD Software & Software Maintenance HB0576	11,100	0
Commerce	PF	PL8101 MSD Software & Software Maintenance HB0576	(11,100)	0
Statewide	PF	PL7101 Fuel Inflation Reduction	(2,392,396)	(2,745,925)
Statewide	PF	PL8101 Increasing 4% Vacancy Savings to 7%	(1,703,462)	(1,713,160)
Non-HB 2 Proprietary Funds Sub-total			(\$4,143,211)	(\$4,509,935)
General Fund			0	0
Other Funds			(4,143,211)	(4,509,935)
Grand Total			(\$67,456,173)	(\$79,504,447)
General Fund			(41,095,404)	(43,292,511)
Other Funds			(26,360,769)	(36,211,936)

## APPENDIX B

### INTRODUCTION TO APPENDIX B – EXECUTIVE BUDGET DETAIL

This appendix includes additional budget detail summarization of various features of the executive budget. The following lists the executive detail items that are discussed in this section:

- Present Law Proposals
- Executive Initiatives – New Proposals
- One-Time-Only Expenditure Detail
- Proposals with Increased Future Costs
- Fee Changes
- Fund Switches
- FTE Detail
- Fixed Costs
- FY 2009 Supplemental Requests – Detail
- Budget Comparisons
- Agency Budget Comparisons by Fund

### PRESENT LAW PROPOSALS

The executive would add \$194.3 million general fund and \$436.7 million total funds in HB 2 for ongoing present law. (One-time-only present law adjustments would add another \$3.6 million general fund and \$10.2 million total funds.) Present law is defined in statute as “...that level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

- (a) changes resulting from legally mandated workload, caseload, or enrollment increases or decreases;
- (b) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
- (c) inflationary or deflationary adjustments; and
- (d) elimination of nonrecurring appropriations.”

Present law changes comprise almost 90 percent of the total ongoing adjustments proposed by the executive, underscoring the small number of new proposals. A couple of general themes are applied:

- The executive generally funds anticipated caseload and utilization increases in human services and population increases in corrections, and provides an inflationary increase for K-12 education

- The executive funds all statewide present law adjustments, and then applies a reduction to personal services through a new proposal and to inflation on fuel through an offsetting present law adjustment. Statewide present law adjustments (SWPLA) are made to account for three factors:
  - Fully funding all personal services cost at the annualized total, and then applying a vacancy savings rate (the rate in the SWPLA is 4 percent)
  - Inflation on selected items, including gasoline and diesel
  - Fixed costs so agencies receiving services from centralized functions can pay for those services
- All other general fund present law increases within agencies are minimal. For many agencies, SWPLAs are the largest and in many instances the only present law adjustment provided to agencies

Figure 1 shows the allocation of present law adjustments by function of state government in FY 2011, from the FY 2008 base. Increases to human services and “other agencies”, primarily for environmental remediation, comprise almost 74 percent of the total.

**Allocation of Present Law Adjustments, from FY 2008 Base  
FY 2011 Executive Budget  
HB 2 - Total Funds (including OTO)**  
Figure 1

Function	Percent of Total
K-12 Education	12.5%
Higher Education	7.0%
Corrections	5.6%
Public Health	51.9%
Other Agencies	22.9%

Major present law increases include the following:

- Public Health and Human Services – Medicaid and other program caseload and utilization growth, and implementation of the Healthy Montana Kids initiative (I-155)
- Office of Public Instruction – Enrollment growth and a 3 percent adjustment to Base aid
- Corrections – Population growth and annualization of programs begun in the 2009 biennium
- All Agencies – Statewide present law adjustments to fully fund personal services adjustments (minus a 4 percent vacancy savings rate), fixed costs, and inflation
- An offsetting reduction to the increase in SWPLAs for inflation on gasoline and diesel
- Environmental Quality - Activities for several Superfund sites
- Transportation - Various highways related activities

## NEW PROPOSALS

The executive has proposed one of the smallest new proposals totals in several biennia – a negative \$3.9 million general fund and positive \$47.8 million total funds for ongoing new proposals (\$7.8 million general fund and \$71.2 million total funds for all new proposals in HB 2), and comprising only 0.6 percent of total ongoing funding in

that bill. Please note that this total is the net of and increases and reductions generated almost entirely from an increase in the proposed vacancy savings rate.

Figure 2 shows where, by function of state government, the executive would add funds.

Figure 2

<b>New Proposals</b> <b>2011 Biennium Executive Budget - All Funds</b> <b>Incudes One-Time-Only Proposals</b>		
Function	Biennial Total	Percent of Total
K-12 Education	\$3,291,090	4.6%
Higher Education	(11,388,859)	-16.0%
Corrections	319,868	0.4%
Public Health	30,801,051	43.2%
Other Agencies	48,223,869	67.7%
Total	<u>\$71,247,019</u>	

As shown, new proposals in “other agencies” would comprise a significant share. The negative numbers for the University System are due to reductions in present law made via new proposals. Major general fund new proposals in HB 2 include:

- Maintenance of various economic development programs in the Department of Commerce that had been designated as one-time-only (OTO) in the 2009 biennium (the

executive proposes that most be continued as OTO in the 2011 biennium)

- License plate replacement in the Departments of Corrections and Justice
- A 3 percent increase in special education each year
- A supercomputer in Butte (Department of Administration)

As stated above, the total increase is offset by a reduction in personal services due to an increase in the proposed vacancy savings rate from 4 percent to 7 percent for most positions and all funding sources. This reduction totals \$16.4 million general fund and \$47.1 million total funds (including certain reductions mistakenly coded to present law). It is this reduction in the Montana University System that primarily causes the negative ongoing general fund new proposal total.

All new proposals are discussed in the individual program narratives of the relevant agencies in volumes 3 through 7.

## ONE-TIME-ONLY EXPENDITURES

The Governor, in recognition of the high fund balance but lowered revenues has limited proposed on-going expenditures to no more than the estimated on-going revenues. In addition, his budget proposes \$55.0 million of one-time-only (OTO) general fund expenditures in the 2011 biennium, and an additional \$71.9 million in state special revenues, \$2.2 million in federal funds, and \$0.2 million proprietary funds.

The general fund OTOs are listed in the following figure, by general purpose. The table also lists the appropriations source and where a further discussion of each can be found in the 2011 Biennium LFD Budget Analysis volumes.



Figure 3

One-Time-Only General Fund Requests Executive Budget - 2011 Biennium			
General Purpose/Specific Request	Amount	HB 2 or Other Bill	LFD Budget Analysis Reference
<u>Conservation/Energy - \$22.0 million</u>			
Governor's 20X10	\$21,960,000	HB 5	F-9
<u>IT Related - \$8.6 million</u>			
DofA ESSC Moving Expense and Equipment	3,500,000	HB 10	F-15
DofA High Performance Computing	2,000,000	HB 2	A-194
DofA Interoperability	2,000,000	HB 10	F-15
Health Info Technology	750,000	HB 2	B-168
Livestock Brands System Upgrade	183,450	HB 2	C-233
Livestock Animal Hlth System Develop	98,100	HB 2	C-222
MBCC - NIBRS Web Stats	64,000	HB 2	D-43
Livestock Meat Inspection System	17,500	HB 2	C-236
<u>Building Projects - \$0.3 million</u>			
Corrections Riverside Repairs	150,000	HB 2	D-239
Corrections Watch East Repairs	110,000	HB 2	D-189
<u>Economic Development - \$6.6 million</u>			
New Worker Training	3,753,252	HB 2	A-270
Tribal	1,596,992	HB 2	A-270
New Energy Division	660,000	HB 2	A-275
Main Street	250,000	HB 2	A-270
Made in Montana	200,000	HB 2	A-270
Equity Capital Act	100,000	HB 2	A-268
<u>Water Compacts - \$5.0 million</u>			
Blackfeet Water Rights Compact	4,000,000	Other	---
Fort Belknap Water Rights Compact	1,000,000	Other	---
<u>Other - \$11.0 million</u>			
License Plate New Issue	3,207,558	HB 2	D-77, D-213
Pay Plan Contingency/Training/Payment*	7,017,016	HB 13	
Debt Service Costs Arbitrage	215,000	Statutory	---
Commerce - Decennial Census	90,482	HB 2	A-270
Gov - Maintain Computer Replacement	123,335	HB 2	A-46
COPP - Additional Legal Costs	118,000	HB 2	A-67
Corrections - Produce Farming Program	100,000	HB 2	D-215
Gov - Executive Residence	50,000	HB 2	A-34
DofA - Workplace Accomodation for Disabled	50,000	HB 2	A-238
DNRC - Legal Imaging	10,000	HB 2	C-253
Corrections - Research Electronic Records	10,000	HB 2	D-166
COPP - Building Security Update	3,000	HB 2	A-68
<u>Wildlife and Agriculture - \$0.7 million</u>			
Ag - Invasive Species Advisory	667,000	HB 2	C-310
FWP Whitefish Lake Monitoring	50,000	HB 2	C-117
<u>Equipment/Supplies Replacement - \$0.4 million</u>			
Justice - Crime Lab Equipment	111,500	HB 2	D-113
Corrections MWP Maintenance/Supplies	75,000	HB 2	D-206
Corrections MSP Video Equipment	65,000	HB 2	D-203
Corrections MSP Equipment	50,000	HB 2	D-203
Justice - Computer Crime Unit Eq Replace	40,000	HB 2	D-98
BOPP Portable Equipment/computers	25,000	HB 2	D-155
Corrections PREA Supplies	15,000	HB 2	D-166
<u>Justice Related - \$0.5 million</u>			
Justice - Meth Watch Continue	500,000	HB 2	D-98
Total	<u>\$54,986,185</u>		
*Reflects amount in executive's December 15 balance sheet.			

Over 76 percent of the funds requested would be spent in four general areas:

- The Governor's 20X10 (reduce energy use by 20 percent by 2010) initiatives to make state buildings more energy efficient
- Various IT projects
- Economic development
- Water compacts

## STATE SPECIAL REVENUE

Of the \$71.9 million in OTOs funded with state special revenue, \$51.0 million, or over 70 percent, is for two items: 1) school trust bond issuance; and 2) removal of the sunset on the wildfire account established by the legislature in special session in September, 2007 to pay for wildfire costs. Of the remaining, \$5.7 million is for Superfund remediation and \$2.7 million is for the state employee pay plan.

## PROPOSALS WITH INCREASED FUTURE COSTS

The executive has made several recommendations that would cost more money in the 2013 biennium than in the 2011. Therefore, before acting on any of the proposals shown in Figure 4, the legislature may wish to discuss long-term costs to ensure that future impacts on structural balance can be assessed. Please note that the following figure does not include caseload, population, or enrollment increases.

Figure 4

<b>Governor's Proposals with Increased Future Costs</b> <b>2011 Biennium Executive Budget</b> <b>General Fund Costs, Only</b>			
<b>Section/Agency</b>	<b>Purpose</b>	<b>2011 Bien General Fund</b>	<b>2013 Bien General Fund</b>
<i>Section B - Human Services</i>			
DSD	DD waiting list reduction	\$524,758	\$593,553
<i>Section D - Judicial Branch, Law Enforcement, and Justice</i>			
Corrections	Items Related to Population Growth With Phase In	14,473,915	20,717,090
Corrections	Rate Increases	1,957,274	2,609,698
Office Of Public Defender	Rate Increase	180,000	240,000
<i>Section E - Education</i>			
OPI	Inflation of 3% Per Year Base Aid and Special Education**	73,075,969	89,985,370
<i>Other</i>			
Pay Plan	Health Insurance	11,583,207	20,385,870
Water Compact	Ft. Belknap: Total cost is \$5 million*	---	---
Water Compact	Blackfoot: Total cost \$20 million*	---	---
Total		<u>\$101,795,123</u>	<u>\$134,531,581</u>
*Total combined cost in the 2009 biennium is \$5.0 million, while total cost is \$25.0 million.			
**Does not assume any change in enrollment, GTB, or guarantee account from the 2011 biennium projected level			

## FEE CHANGES

The executive budget has only one area of the budget where LFD staff has identified that fee increases will be necessary to generate the amount of state special revenue necessary to fund the executive proposal. It is shown in the figure below. For a further discussion, see the discussion beginning on page C-73 of Volume 5 of the 2011 Biennium LFD Budget Analysis.

Figure 5

Changes in Fees or Charges Executive Budget 2011 Biennium			
Section/Agency	Purpose	2011 Biennium	
		General Fund	Other Funds
Section C - Natural Resources and Transportation			
DEQ	Air Quality Permits		\$1,800,000

## FUND SWITCHES

The following figure shows funding switches proposed by the executive. As shown, the funding switches identified net to a general fund gain of over \$3.8 million over the biennium. Further discussions of each can be found in the respective agency narratives in the appropriate volume of the 2011 Biennium LFD Budget Analysis.

Figure 6

Major Funding Switches Executive Budget 2011 Biennium			
Section/Agency	Purpose	2011 Biennium	
		General Fund	Other Funds
Section A - General Government			
Administration	Training development specialist to develop workforce development trai	\$102,854	(\$102,854)
Section B - Human Services			
Foster Care Guardianship	Federal Title IV-E Waiver Guardianship Demonstration Project	200,000	(200,000)
Healthcare for Healthcare Workers	Medicaid provider rate increase for providers who opt to fund health insurance for their workers	(2,441,361)	2,441,361
CHIP State Matching Funds		2,432,164	(2,432,164)
Early Intervention	Reduction from the Governor's November budget request of \$2.3 million general fund to fund caseload growth	(1,200,000)	1,200,000
Section C - Natural Resources and Transportation			
DNRC - Central Services Division	General department administration	498,000	(498,000)
Agriculture - Grain Lab	Additional resource support	250,000	(250,000)
Section E - Education			
Montana University System	Six-mill levy revenue	(3,700,000)	3,700,000
Total		(\$3,858,343)	\$3,858,343

## FTE

The executive would increase the number of FTE funded in HB 2 by 3.0 percent from FY 2008 to FY 2011. As shown in Figure 7, the total increase would be 334.35 FTE in FY 2010 and 364.52 FTE in FY 2011.

Figure 7

Total Proposed FTE Levels 2011 Biennium Executive Budget						
Section/Agency	Base FY 2008	Net Change FY 2010	Total FY 2010	Net Change FY 2011	Total FY 2011	Change FY 2008-FY2011
Section A*						
Legislative Branch**	129.97	1.00	130.97	6.17	136.14	4.7%
Consumer Counsel	5.54	0.00	5.54	0.00	5.54	0.0%
Governor's Office	60.07	0.00	60.07	0.00	60.07	0.0%
Commissioner of Political Practices	6.00	0.00	6.00	0.00	6.00	0.0%
State Auditor	78.50	5.00	83.50	5.00	83.50	6.4%
Revenue	645.53	17.00	662.53	19.00	664.53	2.9%
Administration*	154.62	0.50	155.12	1.00	155.62	0.6%
Consensus Council	2.50	-2.50	0.00	-2.50	0.00	-100.0%
Commerce*	46.66	9.00	55.66	9.00	55.66	19.3%
Labor and Industry	730.08	40.00	770.08	40.00	770.08	5.5%
Military Affairs	182.15	10.50	192.65	10.50	192.65	5.8%
Section B						
Public Health and Human Services	2,892.38	102.05	2,994.43	116.55	3,008.93	4.0%
Section C						
Fish, Wildlife, and Parks	678.60	13.48	692.08	13.48	692.08	2.0%
Environmental Quality	376.29	8.00	384.29	8.00	384.29	2.1%
Transportation	2,134.96	11.00	2,145.96	11.00	2,145.96	0.5%
Livestock	137.99	3.50	141.49	5.50	143.49	4.0%
Natural Resources and Conservation	544.37	9.32	553.69	9.32	553.69	1.7%
Agriculture	115.54	5.00	120.54	5.00	120.54	4.3%
Section D						
Judiciary	397.08	6.50	403.58	6.50	403.58	1.6%
Board of Crime Control	19.50	0.50	20.00	0.50	20.00	2.6%
Justice	690.27	5.00	695.27	5.00	695.27	0.7%
Public Service Commission	39.00	2.00	41.00	2.00	41.00	5.1%
Office of the Public Defender	192.50	8.00	200.50	8.00	200.50	4.2%
Corrections	1,255.64	69.00	1,324.64	75.00	1,330.64	6.0%
Section E						
Office of Public Instruction	157.36	8.50	165.86	8.50	165.86	5.4%
Board of Public Education	4.00	0.00	4.00	0.00	4.00	0.0%
School for the Deaf and Blind	88.61	0.00	88.61	0.00	88.61	0.0%
Commissioner of Higher Education***	104.05	2.00	106.05	2.00	106.05	1.9%
Arts Council	7.00	0.00	7.00	0.00	7.00	0.0%
State Library	30.50	0.00	30.50	0.00	30.50	0.0%
Historical Society	61.14	0.00	61.14	0.00	61.14	0.0%
Totals	11,968.40	334.35	12,302.75	364.52	12,332.92	3.0%
Montana University System	4,671.59	0.00	4,671.59	0.00	4,671.59	0.0%
*The Office of the Secretary of State and a significant number of Department of Administration and Department of Commerce staff are funded with proprietary funds not included in HB 2.						
**FY 2011 includes session staff.						
***Includes only staff within the Office of the Commissioner of Higher Education.						

Please note that the figure does not include any FTE funded with proprietary funds or statutory appropriations.

A number of agencies would receive increases. However, increases to four agencies, Revenue, Labor and Industry, Public Health and Human Services, and Corrections, are over two-thirds of the increase.

- Revenue – FTE are added to continue increased compliance initiatives begun by the 2007 Legislature for which the legislature had provided funding but no associated FTE
- Labor and Industry – The Governor would transfer existing staff from proprietary funds, which are not budgeted in HB 2, to HB 2 budgeted positions, which accounts for 33.00 of the 40.00 FTE increase
- Public Health and Human Services – The most significant increases would be for FTE associated with the passage of I-155 (Healthy Kids Initiative). Smaller increases are for increased institutional staff, increased workload in Child Protective Services, human resource specialists, and various other additions
- Corrections – The Governor would add staff for a work dorm expansion and to provide additional probation and parole staff

Detailed descriptions of the decision packages that fund the new FTE are found in the respective agency and program narratives in Volumes 3 through 7 of the 2011 Biennium LFD Budget Analysis.

## OTHER FTE

While HB 2 funds the great majority, FTE are also funded from non-budgeted proprietary funds and statutory appropriations.

In the 2011 biennium the executive budget includes funding for 1,199.29 FTE in FY 2010 and 1,204.79 FTE in FY 2011 funded with proprietary funds, primarily in the Departments of Administration and Transportation and the State Fund (a quasi-independent entity that determines its own FTE level). These totals are slight reductions from the FY 2008 base, primarily due to the reclassification of 33.00 FTE in the Department of Labor and Industry to HB 2 funded positions.

A total of 135.32 FTE each year are funded with statutory appropriations, primarily in Commerce for Travel Montana and the Department of Justice, primarily for certain highway patrol offices.

## FIXED COSTS

The Governor is proposing two changes in fixed costs:

- A major change in the way in which centralized information technology (IT) services performed by the Information Technology Services Division (ITSD) within the Department of Administration are funded. Currently, these functions are primarily funded through an assessment on each computer. The Governor is

proposing to fund these services through an activity-based budgeting system that charges agencies for the information technology services in a way that more closely relates to the actual services used by each individual user. This change results in an increase in costs in the 2011 biennium, although the 2011 biennium would be a transition year and actual costs be refined as the biennium progresses. A further discussion is on page A-195 of Volume 3 in the Department of Administration.

- The addition of a new fixed cost to fund a workers compensation management function begun by the 2007 Legislature as a one-time-only proposal. A further discussion is found in Volume 3 on page A-229.

The following figure shows proposed fixed costs in the executive budget.

Figure 8

<b>Fixed Costs</b>		
<b>2011 Biennium Executive Budget (in millions)*</b>		
<b>Subcommittee/Agency</b>	<b>Function</b>	<b>Total</b>
<b>General Government</b>		
Administration	Insurance and Bonds	\$24.6
	Warrant Writing Fees	2.2
	Human Resources	6.1
	ITSD	8.9
	SABHRS Operating	8.9
	Messenger Services	0.6
	Rent - Buildings	21.6
	Grounds Maintenance	1.0
	Workers Compensation**	0.8
Legislative Audit Division	Audit Fees	3.6
Various	Statewide Cost Allocation	<u>8.3</u>
Total		<u>\$86.6</u>
*All funds, including funds not appropriated in HB 2		
**Proposed by the executive		

For an explanation of each of the fixed costs, see “Budget Basics” at the following address: [http://leg.mt.gov/css/fiscal/2011\\_biennium/budget\\_analysis.asp](http://leg.mt.gov/css/fiscal/2011_biennium/budget_analysis.asp)

## SUPPLEMENTAL APPROPRIATIONS

The executive is proposing \$2.4 million in general fund and \$23.0 million in other funds in supplemental appropriations for FY 2009. This amount of general fund represents the lowest amount ever requested in the 22 years the figure has been consistently tracked by the Legislative Fiscal Division. This low number is primarily due to two factors:

- Medicaid and corrections costs were below the level funded by the legislature.

- Total state-responsibility fire costs in the 2009 biennium were \$59 million, which ordinarily would have been funded with a general fund supplemental appropriation. In the 2009 biennium, all FY 2008 costs, which were among the highest the state has ever incurred, were funded in the September 2007 Special Session. At the same time, the legislature pre-funded all FY 2009 fire costs, which were significantly lower than average.

Figure 9 shows supplemental appropriations since the 1987 biennium.

Figure 10 details the FY 2009 executive request. The following provides a brief description of each.

- Livestock (Brucellosis) – The executive is requesting general fund from the Brucellosis Management Program to assist in reviewing brucellosis free status. This funding source represents a shift in assumption of the overall public policy inherent in brucellosis control, and any unspent balance remaining is also proposed for expenditure in the 2011 biennium. For a further discussion of the issues involved with this proposal, see the Department of Livestock narrative, page C-198 in Volume 5 of the 2011 Biennium Legislative Fiscal Division Budget Analysis

General Fund Supplementals 1987 to 2009 Biennium Figure 9	
Biennium	Millions
1987	\$32.7
1989	17.1
1991	20.4
1993	82.2
1995	19.9
1997	14.2
1999	11.5
2001	68.2
2003	12.5
2005	12.7
2007	76.4
2009	2.4

Figure 10

Supplemental Appropriations Requests Executive Budget - 2009 Biennium		
Agency/Program	General Fund	Other Funds
Livestock		
Brucellosis	\$2,375,784	\$0
Natural Resources and Conservation		
Fires Costs*	-	3,000,000
Board of Crime Control		
Misdemeanor Probation for Domestic Violence		15,000
Transportation		
Construction Program		20,000,000
Total	<u>\$2,375,784</u>	<u>\$23,015,000</u>

- DNRC (Fire Costs) – This appropriation funds the remainder of the 2008 fire season costs not covered by the appropriation from the September 2007 Special Session. The amount of federal reimbursements assumed at that time was not realized. Although this supplemental request shows a state special revenue source, any funds remaining in the account from which this appropriation would be made are deposited to the general fund. For a further discussion of 2009 biennium fire costs, see the Department of Natural Resources and Conservation narrative, page C-241 in Volume 5 of the 2011 Biennium Legislative Fiscal Division Budget Analysis. Figure 11 shows total fire costs included in supplemental appropriations since the 1983 biennium
- Montana Board of Crime Control (Misdemeanor Probation for Domestic Violence) – Additional spending authority is requested from fees earmarked for this purpose. A further discussion is on page D-39 of Volume 6 of the 2011 Biennium Legislative Fiscal Division Budget Analysis
- Transportation (Construction) – The Governor requests state special revenue from the Highways State Special Revenue Account and federal funds for increased construction costs. The funds are requested at the 87 percent federal/13 percent state match rate. Additional information begins on page C-134 in Volume 5 of the 2011 Biennium Legislative Fiscal Division Budget Analysis

<b>Supplemental Appropriations for Fire Suppression</b> <b>1983 to 2009 Biennium</b> (in millions) Figure 11			
<b>Biennium</b>	<b>Supplemental Appropriation</b>	<b>Statutory Appropriations</b>	<b>Total</b>
1983	\$0.80	\$0.00	\$0.80
1985	2.90	0.00	2.90
1987	3.74	0.00	3.74
1989	12.64	0.00	12.64
1991	3.00	0.50	3.50
1993	7.94	1.96	9.90
1995	15.50	8.92	24.42
1997	4.47	3.10	7.57
1999	10.55	0.00	10.55
2001	33.22	6.20	39.42
2003	9.07	7.01	16.08
2005	0.00	0.00	0.00
2007	30.06	13.00	43.06
2009*	3.00	8.00	11.00

\*Appropriation is for state special revenue initially funded with general fund in FY 2009. All others were general fund. Other 2009 biennium state fire costs were about \$56 million, funded with general fund and



## AGENCY BUDGET COMPARISONS BY FUND

This section provides a comparison, by agency, of the Governor's executive budget recommendations for HB 2 as compared to the 2009 biennium. For each fund type, a table shows the comparison by agency. Also included for each fund type is a pie chart showing the amount and percent of each fund by major program area, and a bar graph that shows the percentage increase by major program area. The narrative describes the primary reasons for the budget changes, by fund type. Please note that in the following sections both the discussion and the figures include ongoing funding, only and do not include on-time-only (OTO) proposals.

### GENERAL FUND

As defined in 17-2-102, MCA, the general fund "accounts for all financial resources except those required to be accounted for in another fund." The general fund provides funding for the general operations of state government.

As shown in Figure 12, the general fund would increase by \$190.4 million, or 6.0 percent. If one-time-only expenditures are included, the increase would total \$205.9 million, or 6.5 percent.

Primary increases include:

- Office of Public Instruction - A 3 percent per year increase in the Base aid schedules and special education
- Department of Public Health and Human Services - Medicaid caseload and utilization increases, and an increase in the percentage of Medicaid expenditures that must be paid for by the state (FMAP)
- Department of Corrections - Population increases and annualization of initiatives begun in the 2009 biennium
- All Agencies - Statewide present law adjustments, particularly fully funding personal services (minus a 7 percent vacancy savings rate)
- Department of Revenue – Primarily statewide present law adjustments

Figure 12

Fund Comparison 2009 Biennium versus Executive Budget Proposal 2011 Biennium								
General Fund House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Executive Budget-OTO FY 2010	Executive Budget-OTO FY 2011	Executive Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	\$ 9,116,067.00	\$ 11,249,936.00	\$ 20,366,003.00	\$ 11,895,695.00	\$ 12,102,301.00	\$ 23,997,996.00	\$ 3,631,993.00	17.8%
2110 Judicial Branch	32,171,909	35,547,624	67,719,533	35,103,986	34,990,838	70,094,824	2,375,291	3.5%
3101 Governor's Office	5,820,498	5,902,462	11,722,960	6,043,229	5,928,652	11,971,881	248,921	2.1%
3202 Comm Of Political Practices	365,420	448,840	814,260	471,198	464,027	935,225	120,965	14.9%
3501 Office Of Public Instruction	642,761,421	666,049,445	1,308,810,866	676,995,196	694,351,893	1,371,347,089	62,536,223	4.8%
4107 Crime Control Division	2,195,808	2,304,278	4,500,086	2,502,594	2,506,510	5,009,104	509,018	11.3%
4110 Department Of Justice	23,761,709	25,275,706	49,037,415	25,726,019	25,783,274	51,509,293	2,471,878	5.0%
5101 Board Of Public Education	209,990	224,324	434,314	225,710	228,257	453,967	19,653	4.5%
5102 Commissioner Of Higher Education	170,167,847	186,280,601	356,448,448	182,035,240	184,764,463	366,799,703	10,351,255	2.9%
5113 School For The Deaf & Blind	5,300,570	5,946,429	11,246,999	5,812,060	5,766,160	11,578,220	331,221	2.9%
5114 Montana Arts Council	467,889	459,035	926,924	476,541	466,129	942,670	15,746	1.7%
5115 Montana State Library	2,348,128	2,513,420	4,861,548	2,778,936	2,766,522	5,545,458	683,910	14.1%
5117 Montana Historical Society	2,668,353	2,721,748	5,390,101	2,749,085	2,744,958	5,494,043	103,942	1.9%
5201 Department Of Fish, Wildlife & Parks	-	-	-	-	-	-	-	-
5301 Department Of Environmental Quality	4,785,174	5,088,372	9,873,546	5,890,015	5,915,515	11,805,530	1,931,984	19.6%
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5603 Department Of Livestock	1,065,499	1,162,620	2,228,119	1,107,604	1,116,389	2,223,993	(4,126)	-0.2%
5706 Dept Of Natural Resources & Conservation	20,883,410	21,819,894	42,703,304	22,970,073	22,997,944	45,968,017	3,264,713	7.6%
5801 Department Of Revenue	46,999,289	48,766,397	95,765,686	50,866,436	50,979,667	101,846,103	6,080,417	6.3%
6101 Department Of Administration	6,341,405	6,740,525	13,081,930	6,827,281	6,824,452	13,651,733	569,803	4.4%
6106 Mt Consensus Council	86,978	66,412	153,390	-	-	-	(153,390)	-100.0%
6108 Office Of The Public Defender	19,226,052	19,577,568	38,803,620	20,214,823	20,066,882	40,281,705	1,478,085	3.8%
6201 Department Of Agriculture	781,165	910,664	1,691,829	1,071,825	1,032,472	2,104,297	412,468	24.4%
6401 Department Of Corrections	153,515,661	185,172,717	338,688,378	175,085,333	181,939,789	357,025,122	18,336,744	5.4%
6501 Department Of Commerce	2,452,220	2,592,842	5,045,062	2,622,496	2,619,579	5,242,075	197,013	3.9%
6602 Department Of Labor & Industry	2,235,593	2,134,687	4,370,280	2,628,206	2,630,155	5,258,361	888,081	20.3%
6701 Department Of Military Affairs	5,345,653	5,537,043	10,882,696	5,765,949	5,876,537	11,642,486	759,790	7.0%
6901 Dept Of Public Health & Human Services	348,225,059	396,614,084	744,839,143	402,101,088	415,940,426	818,041,514	73,202,371	9.8%
<b>Total House Bill 2 Proposals</b>	<b>\$1,509,298,767</b>	<b>\$1,641,107,673</b>	<b>\$3,150,406,440</b>	<b>\$1,649,966,618</b>	<b>\$1,690,803,791</b>	<b>\$3,340,770,409</b>	<b>\$190,363,969</b>	<b>6.0%</b>

Figure 13

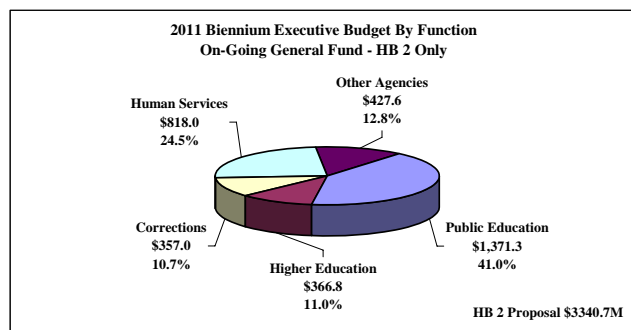
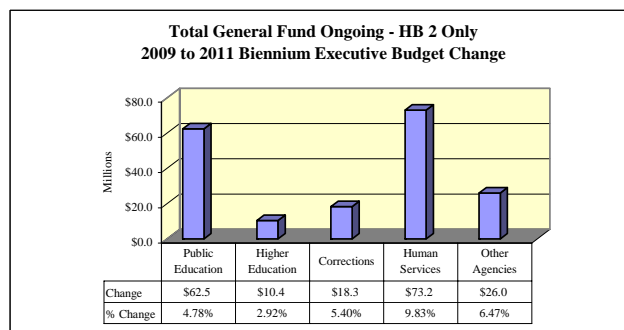


Figure 14



## STATE SPECIAL REVENUE

As defined in 17-2-102, MCA, the state special fund “consists of money from state and other non-federal sources deposited in the state treasury that is earmarked for the purposes of defraying particular costs of an agency, program, or function of state government and money from other non-state or non-federal sources that is restricted by law or by the terms of an agreement, such as a contract, trust agreement, or donation.”

State special revenue would increase by \$117.5 million, or 9.8 percent from the 2009 biennium (\$135.3 million and 11.3 percent if OTOs are included). As with general fund, proposed increases are widespread across state government. However, three agencies account for almost 69 percent of the total increase.

- Department of Public Health and Human Services - Implementation of the Healthy Kids Initiative to increase health insurance coverage for children
- Department of Environmental Quality – Funding for activities at several Superfund sites, hard rock and major facility siting projects, permitting and compliance, and public water supply staff
- Fish, Wildlife, and Parks – Statewide present law adjustments and a number of other agency-wide adjustments, including additional funds for block management

The Department of Transportation, which expends the most state special revenue funds for various highways related activities, has limited growth due in part to the status of the highways state special revenue account.

Figure 15

Fund Comparison 2009 Biennium versus Executive Budget Proposal 2011 Biennium								
State/other Special Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Executive Budget-OTO FY 2010	Executive Budget-OTO FY 2011	Executive Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	\$ 2,258,093.00	\$ 2,334,773.00	\$ 4,592,866.00	\$ 2,688,631.00	\$ 2,026,762.00	\$ 4,715,393.00	\$ 122,527.00	2.7%
1112 Consumer Council	1,262,908	1,535,286	2,798,194	1,751,585	1,762,560	3,514,145	715,951	25.6%
2110 Judicial Branch	1,773,813	1,900,080	3,673,893	2,178,332	2,211,483	4,389,815	715,922	19.5%
3101 Governor's Office	21,000	27,800	48,800	32,500	32,500	65,000	16,200	33.2%
3401 State Auditor's Office	15,328,050	17,524,850	32,852,900	18,590,321	19,067,884	37,658,205	4,805,305	14.6%
3501 Office Of Public Instruction	957,495	991,734	1,949,229	965,495	965,541	1,931,036	(18,193)	-0.9%
4107 Crime Control Division	67,087	131,984	199,071	164,994	164,993	329,987	130,916	65.8%
4110 Department Of Justice	35,011,954	44,540,438	79,552,392	40,166,200	40,090,095	80,256,295	703,903	0.9%
4201 Public Service Regulation	3,159,782	3,354,897	6,514,679	3,708,070	3,458,124	7,166,194	651,515	10.0%
5101 Board Of Public Education	166,066	185,551	351,617	186,049	185,632	371,681	20,064	5.7%
5102 Commissioner Of Higher Education	18,154,607	17,031,878	35,186,485	20,983,129	19,281,178	40,264,307	5,077,822	14.4%
5113 School For The Deaf & Blind	417,370	293,924	711,294	402,085	416,723	818,808	107,514	15.1%
5114 Montana Arts Council	204,517	214,756	419,273	213,080	211,705	424,785	5,512	1.3%
5115 Montana State Library	1,054,978	1,055,012	2,109,990	803,557	803,555	1,607,112	(502,878)	-23.8%
5117 Montana Historical Society	78,768	274,138	352,906	138,171	138,396	276,567	(76,339)	-21.6%
5201 Department Of Fish, Wildlife & Parks	50,860,770	53,604,968	104,465,738	56,147,428	56,264,706	112,412,134	7,946,396	7.6%
5301 Department Of Environmental Quality	18,943,357	24,069,733	43,013,090	29,152,861	29,084,942	58,237,803	15,224,713	35.4%
5401 Department Of Transportation	210,536,687	245,824,393	456,361,080	229,974,326	228,337,831	458,312,157	1,951,077	0.4%
5603 Department Of Livestock	6,781,645	7,507,746	14,289,391	8,000,369	8,350,548	16,350,917	2,061,526	14.4%
5706 Dept Of Natural Resources & Conservation	24,052,836	26,686,335	50,739,171	26,236,491	26,455,494	52,691,985	1,952,814	3.8%
5801 Department Of Revenue	823,595	882,192	1,705,787	1,100,505	1,089,366	2,189,871	484,084	28.4%
6101 Department Of Administration	5,545,483	7,123,851	12,669,334	7,585,316	7,571,404	15,156,720	2,487,386	19.6%
6106 Mt Consensus Council	62,457	122,243	184,700	-	-	-	(184,700)	-100.0%
6108 Office Of The Public Defender	43,456	75,000	118,456	43,456	43,456	86,912	(31,544)	-26.6%
6201 Department Of Agriculture	9,343,877	10,489,602	19,833,479	12,411,271	12,412,019	24,823,290	4,989,811	25.2%
6401 Department Of Corrections	3,106,783	3,665,848	6,772,631	4,041,421	4,044,437	8,085,858	1,313,227	19.4%
6501 Department Of Commerce	2,442,145	6,110,217	8,552,362	7,499,882	4,473,898	11,973,780	3,421,418	40.0%
6602 Department Of Labor & Industry	33,593,817	36,684,078	70,277,895	37,711,146	38,018,086	75,729,232	5,451,337	7.8%
6701 Department Of Military Affairs	1,004,215	1,472,895	2,477,110	1,407,954	1,377,190	2,785,144	308,034	12.4%
6901 Dept Of Public Health & Human Services	106,278,801	130,660,952	236,939,753	144,549,631	150,062,857	294,612,488	57,672,735	24.3%
<b>Total House Bill 2 Proposals</b>	<b>\$553,336,412</b>	<b>\$646,377,154</b>	<b>\$1,199,713,566</b>	<b>\$658,834,256</b>	<b>\$658,403,365</b>	<b>\$1,317,237,621</b>	<b>\$117,524,055</b>	<b>9.8%</b>

Figure 16

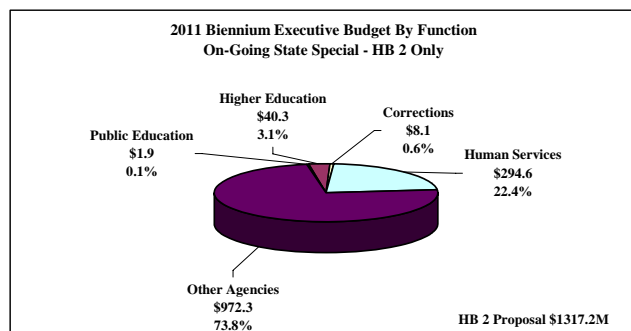
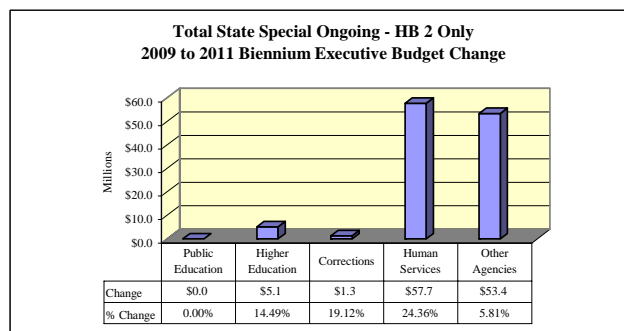


Figure 17



## FEDERAL SPECIAL REVENUE

As defined in 17-2-102, MCA, the federal special fund “consists of money deposited in the treasury from federal sources, including trust income that is used for the operation of state government.”

Federal funds increase by 5.5 percent, or \$181.8 million (OTOs are negligible). Most agencies receive some federal funds. However, the Departments of Public Health and Human Services and Transportation account for almost 80 percent of the federal funds proposed in the Governor’s budget and the Department of Public Health and Human Services would receive almost 90 percent of the proposed increase.

- Department of Public Health and Human Services - Medicaid caseload and utilization increases, (partially offset by a reduction in the amount of Medicaid expenditures paid for by the federal government (FMAP)), and increases to other programs and grants
- Department of Transportation - General increases in funding for highway construction
- Department of Military Affairs – Homeland security grants that had previously been added via budget amendment during the interim
- Department of Commerce – Primarily increases in grants and an accounting adjustment

The reduction in the Board of Crime Control (Crime Control Division) is due to non-inclusion in the budget of grants that had been anticipated in the 2009 biennium but not received.

Figure 18

Fund Comparison 2009 Biennium versus Executive Budget Proposal 2011 Biennium								
Federal Spec. Rev. Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Executive Budget-OTO FY 2010	Executive Budget-OTO FY 2011	Executive Budget-OTO FY 10-11	Biennial Change	Biennial Percent
2110 Judicial Branch	\$ 122,397.00	\$ 129,158.00	\$ 251,555.00	\$ 124,915.00	\$ 124,929.00	\$ 249,844.00	(1,711)	-0.7%
3101 Governor's Office	-	-	-	-	-	-	-	-
3201 Secretary Of State's Office	-	-	-	-	-	-	-	-
3501 Office Of Public Instruction	139,309,382	171,154,070	310,463,452	149,753,657	152,869,716	302,623,373	(7,840,079)	-2.5%
4107 Crime Control Division	6,055,846	28,678,917	34,734,763	6,323,936	6,324,472	12,648,408	(22,086,355)	-63.6%
4110 Department Of Justice	1,335,049	1,736,714	3,071,763	1,731,190	1,734,439	3,465,629	393,866	12.8%
4201 Public Service Regulation	20,405	21,035	41,440	24,943	24,908	49,851	8,411	20.3%
5102 Commissioner Of Higher Education	40,929,549	83,459,942	124,389,491	53,244,819	56,042,166	109,286,985	(15,102,506)	-12.1%
5113 School For The Deaf & Blind	92,676	100,703	193,379	82,973	82,973	165,946	(27,433)	-14.2%
5114 Montana Arts Council	577,424	623,369	1,200,793	600,838	596,485	1,197,323	(3,470)	-0.3%
5115 Montana State Library	955,391	1,417,366	2,372,757	1,411,221	811,203	2,222,424	(150,333)	-6.3%
5117 Montana Historical Society	620,578	643,738	1,264,316	634,412	620,576	1,254,988	(9,328)	-0.7%
5201 Department Of Fish, Wildlife & Parks	13,985,579	15,446,274	29,431,853	15,255,643	15,320,398	30,576,041	1,144,188	3.9%
5301 Department Of Environmental Quality	19,358,326	26,842,497	46,200,823	23,102,868	23,139,541	46,242,409	41,586	0.1%
5401 Department Of Transportation	301,621,565	314,908,329	616,529,894	319,240,601	326,528,576	645,769,177	29,239,283	4.7%
5603 Department Of Livestock	1,447,854	1,632,461	3,080,315	1,421,763	1,427,063	2,848,826	(231,489)	-7.5%
5706 Dept Of Natural Resources & Conservation	1,752,203	1,838,632	3,590,835	2,091,237	2,074,655	4,165,892	575,057	16.0%
5801 Department Of Revenue	194,192	424,881	619,073	202,528	201,679	404,207	(214,866)	-34.7%
6101 Department Of Administration	296,871	624,201	921,072	311,871	311,871	623,742	(297,330)	-32.3%
6201 Department Of Agriculture	2,195,170	2,638,954	4,834,124	2,385,251	2,386,774	4,772,025	(62,099)	-1.3%
6401 Department Of Corrections	134,148	223,376	357,524	134,079	134,068	268,147	(89,377)	-25.0%
6501 Department Of Commerce	16,082,955	17,875,184	33,958,139	21,842,901	21,946,144	43,789,045	9,830,906	29.0%
6602 Department Of Labor & Industry	28,535,931	34,251,539	62,787,470	31,180,211	30,926,446	62,106,657	(680,813)	-1.1%
6701 Department Of Military Affairs	19,976,360	21,965,656	41,942,016	33,306,315	33,439,914	66,746,229	24,804,213	59.1%
6901 Dept Of Public Health & Human Services	902,818,408	1,062,643,179	1,965,461,587	1,045,719,484	1,082,260,706	2,127,980,190	162,518,603	8.3%
<b>Total House Bill 2 Proposals</b>	<b>\$1,498,418,259</b>	<b>\$1,789,280,175</b>	<b>\$3,287,698,434</b>	<b>\$1,710,127,656</b>	<b>\$1,759,329,702</b>	<b>\$3,469,457,358</b>	<b>\$181,758,924</b>	<b>5.5%</b>

Figure 19

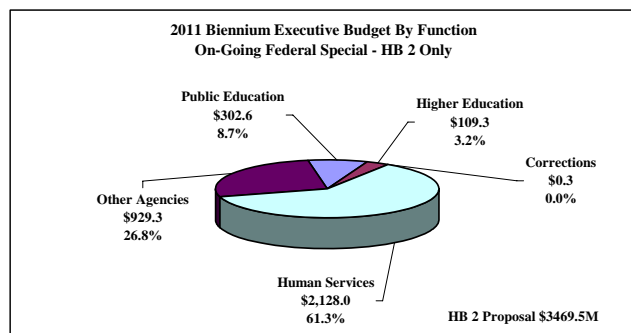
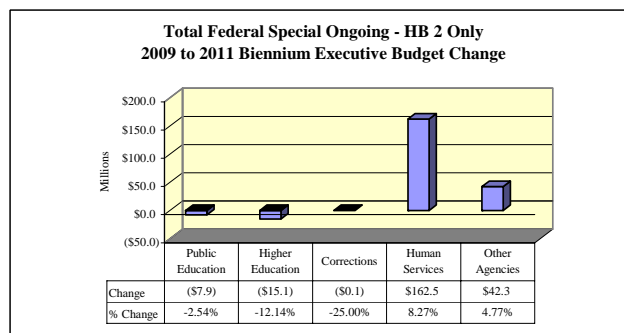


Figure 20



## PROPRIETARY FUNDS

As defined in 17-7-102, MCA, proprietary funds are designated as either enterprise or internal service funds. Enterprise funds “account for operations: (A) that are financed and operated in a manner similar to private business enterprises whenever the intent of the legislature is that costs (i.e. expenses, including depreciation) of providing goods or services to that general public on a continuing basis are to be financed or recovered primarily through user charges; or (B) whenever the legislature has decided that periodic determination of revenue earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.” Internal service funds “account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost reimbursed basis.”

Statute does not require that most proprietary funds be appropriated. Therefore, any increases in the programs supported with these proprietary funds are not reflected in the figure.

Figure 21

Fund Comparison 2009 Biennium versus Executive Budget Proposal 2011 Biennium								
Proprietary Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Executive Budget-OTO FY 2010	Executive Budget-OTO FY 2011	Executive Budget-OTO FY 10-11	Biennial Change	Biennial Percent
3101 Governor's Office	-	-	-	-	-	-	-	-
3401 State Auditor's Office	-	-	-	-	-	-	-	-
3501 Office Of Public Instruction	-	-	-	-	-	-	-	-
4110 Department Of Justice	\$ 1,479,035.00	\$ 1,782,029.00	\$ 3,261,064.00	\$ 1,772,579.00	\$ 1,773,914.00	\$ 3,546,493.00	\$ 285,429.00	8.8%
5102 Commissioner Of Higher Education	94,471	110,358	204,829	90,795	89,141	179,936	(24,893)	-12.2%
5115 Montana State Library	-	152,044	152,044	-	-	-	(152,044)	-100.0%
5117 Montana Historical Society	800,466	956,433	1,756,899	981,537	966,159	1,947,696	190,797	10.9%
5301 Department Of Environmental Quality	-	-	-	-	-	-	-	-
5401 Department Of Transportation	-	-	-	-	-	-	-	-
5706 Dept Of Natural Resources & Conservation	-	-	-	-	-	-	-	-
5801 Department Of Revenue	2,179,052	2,308,582	4,487,634	2,432,189	2,439,867	4,872,056	384,422	8.6%
6101 Department Of Administration	7,241,453	7,711,373	14,952,826	7,377,599	7,279,428	14,657,027	(295,799)	-2.0%
6201 Department Of Agriculture	393,105	459,878	852,983	609,253	610,645	1,219,898	366,915	43.0%
6401 Department Of Corrections	515,376	557,956	1,073,332	652,482	649,128	1,301,610	228,278	21.3%
6602 Department Of Labor & Industry	47,442	6,275,481	6,322,923	87,790	87,837	175,627	(6,147,296)	-97.2%
<b>Total House Bill 2 Proposals</b>	<b>\$12,750,400</b>	<b>\$20,314,134</b>	<b>\$33,064,534</b>	<b>\$14,004,224</b>	<b>\$13,896,119</b>	<b>\$27,900,343</b>	<b>(\$5,164,191)</b>	<b>-15.6%</b>
Long-Range Building Proposals	-	-	-	-	-	-	-	-
Miscellaneous Proposals	-	-	-	35,373	106,782	142,155	142,155	-
Transfers	-	-	-	-	-	-	-	-
Statutory Recommendations	39,481,550	35,447,251	74,928,801	39,159,143	39,127,640	78,286,783	3,357,982	4.5%
<b>Total Executive Recommendations</b>	<b>\$52,231,950</b>	<b>\$55,761,385</b>	<b>\$107,993,335</b>	<b>\$53,198,740</b>	<b>\$53,130,541</b>	<b>\$106,329,281</b>	<b>(\$1,664,054)</b>	<b>-1.5%</b>

Figure 22

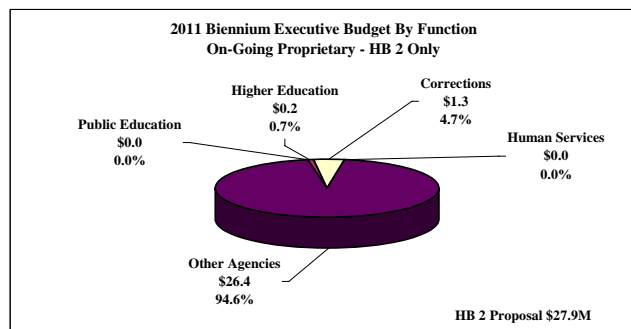
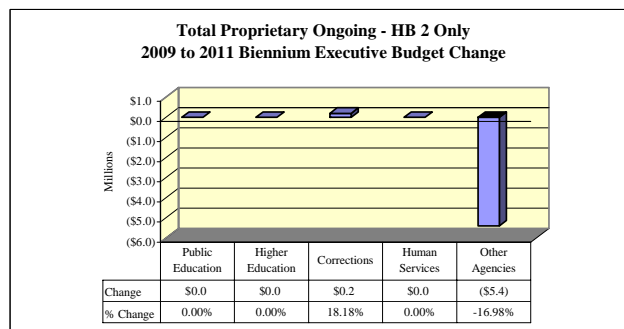


Figure 23





## ALL FUNDS

The following figure is a composite by agency of the preceding tables, and shows a \$484.5 million, or 6.3 percent (\$518.1 million and 6.8 percent of OTO's are included) increase in total funds.

Figure 24

Fund Comparison 2009 Biennium versus Executive Budget Proposal 2011 Biennium								
Total Funds House Bill 2 Proposals Agency Number and Name	Adjusted Base FY 2008	Adjusted Authorized FY 2009	Adjusted Total FY 08-09	Executive Budget-OTO FY 2010	Executive Budget-OTO FY 2011	Executive Budget-OTO FY 10-11	Biennial Change	Biennial Percent
1104 Legislative Branch	\$ 11,374,160.00	\$ 13,584,709.00	\$ 24,958,869.00	\$ 14,584,326.00	\$ 14,129,063.00	\$ 28,713,389.00	\$ 3,754,520.00	15.0%
1112 Consumer Council	1,262,908	1,535,286	2,798,194	1,751,585	1,762,560	3,514,145	715,951	25.6%
2110 Judicial Branch	34,068,119	37,576,862	71,644,981	37,407,233	37,327,250	74,734,483	3,089,502	4.3%
3101 Governor's Office	5,841,498	5,930,262	11,771,760	6,075,729	5,961,152	12,036,881	265,121	2.3%
3201 Secretary Of State's Office	-	-	-	-	-	-	-	-
3202 Comm Of Political Practices	365,420	448,840	814,260	471,198	464,027	935,225	120,965	14.9%
3401 State Auditor's Office	15,328,050	17,524,850	32,852,900	18,590,321	19,067,884	37,658,205	4,805,305	14.6%
3501 Office Of Public Instruction	783,028,298	838,195,249	1,621,223,547	827,714,348	848,187,150	1,675,901,498	54,677,951	3.4%
4107 Crime Control Division	8,318,741	31,115,179	39,433,920	8,991,524	8,995,975	17,987,499	(21,446,421)	-54.4%
4110 Department Of Justice	61,587,747	73,334,887	134,922,634	69,395,988	69,381,722	138,777,710	3,855,076	2.9%
4201 Public Service Regulation	3,180,187	3,375,932	6,556,119	3,733,013	3,483,032	7,216,045	659,926	10.1%
5101 Board Of Public Education	376,056	409,875	785,931	411,759	413,889	825,648	39,717	5.1%
5102 Commissioner Of Higher Education	229,346,474	286,882,779	516,229,253	256,353,983	260,176,948	516,530,931	301,678	0.1%
5113 School For The Deaf & Blind	5,810,616	6,341,056	12,151,672	6,297,118	6,265,856	12,562,974	411,302	3.4%
5114 Montana Arts Council	1,249,830	1,297,160	2,546,990	1,290,459	1,274,319	2,564,778	17,788	0.7%
5115 Montana State Library	4,358,497	5,137,842	9,496,339	4,993,714	4,381,280	9,374,994	(121,345)	-1.3%
5117 Montana Historical Society	4,168,165	4,596,057	8,764,222	4,503,205	4,470,089	8,973,294	209,072	2.4%
5201 Department Of Fish, Wildlife & Parks	64,846,349	69,051,242	133,897,591	71,403,071	71,585,104	142,988,175	9,090,584	6.8%
5301 Department Of Environmental Quality	43,086,857	56,000,602	99,087,459	58,145,744	58,139,998	116,285,742	17,198,283	17.4%
5401 Department Of Transportation	512,158,252	560,732,722	1,072,890,974	549,214,927	554,866,407	1,104,081,334	31,190,360	2.9%
5603 Department Of Livestock	9,294,998	10,302,827	19,597,825	10,529,736	10,894,000	21,423,736	1,825,911	9.3%
5706 Dept Of Natural Resources & Conservation	46,688,449	50,344,861	97,033,310	51,297,801	51,528,093	102,825,894	5,792,584	6.0%
5801 Department Of Revenue	50,196,128	52,382,052	102,578,180	54,601,658	54,710,579	109,312,237	6,734,057	6.6%
6101 Department Of Administration	19,425,212	22,199,950	41,625,162	22,102,067	21,987,155	44,089,222	2,464,060	5.9%
6106 Mt Consensus Council	149,435	188,655	338,090	-	-	-	(338,090)	-100.0%
6108 Office Of The Public Defender	19,269,508	19,652,568	38,922,076	20,258,279	20,110,338	40,368,617	1,446,541	3.7%
6201 Department Of Agriculture	12,713,317	14,499,098	27,212,415	16,477,600	16,441,910	32,919,510	5,707,095	21.0%
6401 Department Of Corrections	157,271,968	189,619,897	346,891,865	179,913,315	186,767,422	366,680,737	19,788,872	5.7%
6501 Department Of Commerce	20,977,320	26,578,243	47,555,563	31,965,279	29,039,621	61,004,900	13,449,337	28.3%
6602 Department Of Labor & Industry	64,412,783	79,345,785	143,758,568	71,607,353	71,662,524	143,269,877	(488,691)	-0.3%
6701 Department Of Military Affairs	26,326,228	28,975,594	55,301,822	40,480,218	40,693,641	81,173,859	25,872,037	46.8%
6901 Dept Of Public Health & Human Services	1,357,322,268	1,589,918,215	2,947,240,483	1,592,370,203	1,648,263,989	3,240,634,192	293,393,709	10.0%
<b>Total House Bill 2 Proposals</b>	<b>\$3,573,803,838</b>	<b>\$4,097,079,136</b>	<b>\$7,670,882,974</b>	<b>\$4,032,932,754</b>	<b>\$4,122,432,977</b>	<b>\$8,155,365,731</b>	<b>\$484,482,757</b>	<b>6.3%</b>

Figure 25

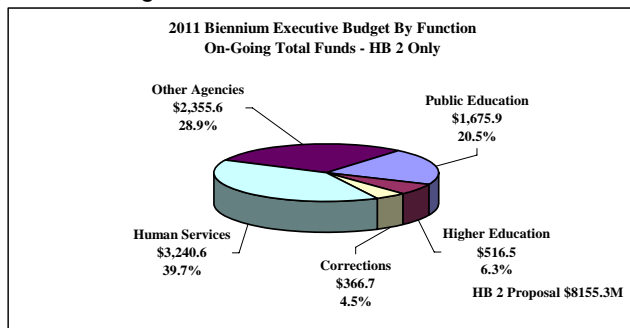
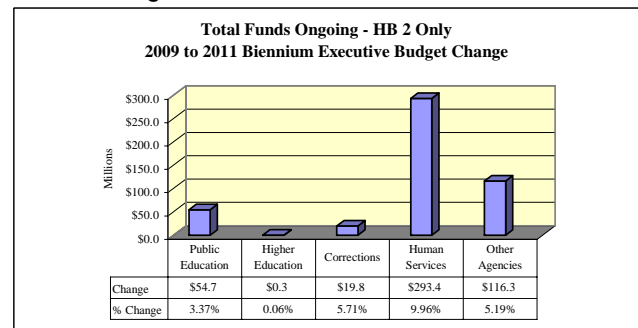


Figure 26



## BIENNIAL BUDGET COMPARISON

This section summarizes the executive recommendations for the 2011 biennium and compares it to expenditures/appropriations for the 2009 biennium. Please note that this statutory comparison method includes one-time only (OTO) expenditures. In view of the unusually high amount of OTO's in the current biennium, comparisons in other parts of this report compare ongoing expenditures only, and exclude OTO's.

The executive is recommending a 2011 biennium budget that includes a reduction of \$221.8 million in general fund expenditures, a 5.5 percent decrease. Total decreases (all funds) amount to \$829.3 million, an 8.0 percent decrease. The executive proposal for general fund and total spending increases are supported by existing sources of revenue, sustained by estimated general fund and federal revenue for the 2011 biennium. Transfers, including the one-time transfers of general fund, are included so the reader will have a complete picture of general fund disbursements. Although transfers are not appropriations, the legislature appropriates the money from the account to which the money is transferred.

### METHODOLOGY

The state budget is highly complex, and the methods used to compute comparisons within the context of that budget can vary considerably. Without consistent comparison methodology, the comparisons can also be subject to manipulation. The Legislative Finance Committee (LFC) developed a budget comparison methodology that measures budget performance using total state expenditures for state general operations funded by taxpayer taxes, licenses, and fees. This method helps ensure proper representation, fairness, balance, and consistency. Adopted by the 1997 Legislature, use of the comparison procedures became a statutory requirement at that time. These procedures provide consistency of application and help avoid the potential for manipulation when comparing information.

The comparisons on the following pages were prepared using the statutory methodology found in 17-7-150 & 151, MCA, with the following exception - general fund transfers are included.

### COMPARISON TO 2009 BIENNIUM

Figures 27 and 28 compare expenditures/appropriations between the 2009 and 2011 biennia for general fund and for total funds. As shown in the figures, the largest HB 2 general fund increases are found in the Department of Public Health and Human Services (DPHHS) (\$73.2 million), Office of Public Instruction (\$62.5 million), and the Department of Corrections (\$18.3 million). However, the largest increases in percentage terms occur in the departments of Agriculture, Labor and Industry, Environmental Quality, and the Legislative Branch. Only the Department of Livestock and the Montana Consensus Council show declines. The executive proposes to eliminate the Montana Consensus Council.

Figures 27 and 28 are divided into three sections:

- The top part of the table includes all appropriations recommended to be included in HB 2 (the General Appropriations Act), by agency.
- Because HB 2 does not include all appropriations or transfers authorized by the legislature, the second part of the table includes transfers and additional appropriations. This section is referred to as "Comparable Adjustments" because the items can be compared across biennia. The total shown in the column "Total Exec. Budget Fiscal 10-11" (the 2011 biennium) represents all recommendations made by the executive, with the exception of the non-cash portion of long-range building program, budget amendments, and supplemental appropriations. Long-range building proposals are specifically excluded because spending and timing vary considerably on most building projects. The building expenditures are reflected by the debt service paid over the term of any bonding/leasing agreement. Statutory appropriations represent the executive estimates for non-general fund. General fund statutory appropriations are estimates of the Legislative Fiscal Division. (Note: The total in the "Total Adjusted Fiscal 08-09" (the 2009 biennium) column does not represent all contingent appropriations in that biennium, which are included in the third section.)
- The third section, "Non Comparable Adjustments", includes all 2009 biennium expenditure/appropriations, including budget amendments and supplemental appropriations that cannot be estimated for the next biennium. Excluded from the "Comparable Adjustments" total are probable 2011 biennium expenditures that belong in this category. Consequently, the increases for general fund and total funds do not represent a true picture of potential growth between biennia.

### House Bill 2 Comparisons

All HB 2 comparisons exclude one-time appropriations and transfers which are shown in the second section. As shown in Figures 27 and 28, general fund appropriations in HB 2 increase \$190.4 million or 6.0 percent. All funds increase \$484.5 million or 6.3 percent, with \$117.5 million of increases in state special revenue and \$181.8 million in federal special revenue. Proprietary fund decrease \$5.2 million. These are primarily due to additional state special appropriations in the Department of Public Health and Human Services (\$57.7 million), Department of Environmental Quality (\$15.2 million), and Department of Fish, Wildlife and Parks (\$7.9 million), and additional federal funds appropriations in DPHHS (\$162.5 million), Department of Transportation (\$29.2 million), and the Department of Military Affairs (\$24.8 million). The largest reductions in state special revenue occur in the Crime Control Division (\$22.1 million), Commissioner of Higher Education (\$15.1 million), and the Office of Public Instruction (\$7.8 million).

Appropriation increases are summarized in the "State Expenditures Perspectives" section of this volume, page 74, and are detailed in the tables and narratives of the specific agencies in Volumes 3 through 7.

### Comparable Adjustments

Comparable adjustments include HB 2 appropriations, all miscellaneous appropriation bills including the employee pay plan bill, statutory appropriations, transfers, and other appropriation and expenditure adjustments. Also include are one-

time appropriations and transfers. The executive recommends \$221.8 million in decreased general fund disbursements for the 2011 biennium million as compared to the 2009 biennium, a decrease of 5.5 percent. The decrease in all funds spending over comparable 2009 biennium spending is \$829.3 million, or 8.0 percent.

### **Non-Comparable Adjustments**

Non-comparable Adjustments, the third section, shows a decrease of 100 percent general fund and 100 percent total funds between biennia. As stated earlier, this comparison tends to be distorted by the lack of comparable information for the 2011 biennium. This section and these comparisons are shown for informational purposes only and to complete the listing of 2009 biennium expenditures\appropriations.

## **COMPARISON CAUTION**

### **Comparisons vs. Budget Base Adjustments**

This volume compares the 2011 biennium Executive Budget to actual expenditures and expenditures/appropriations and transfers for the 2009 biennium. The methodology used is that prescribed by the budget comparison statute, and upholds the concept of a comparison of the total state budget from biennium to biennium. This is a particularly useful practice due to the cyclical nature of annual budgets. However, because the Executive Budget is prepared using a different statutorily defined process, there is a difference between the total changes indicated in this volume and those indicated in the individual agency and program budgets discussed in the agency budgets section in Volumes 3 through 7.

Because present law adjustments are added to the base year (fiscal 2008) to determine a present law budget for the 2011 biennium and budget growth as prescribed by total adjustments, the intermediate year (fiscal 2009) is ignored. This method facilitates budget development from a vantage point of recent, actual experience, but overstates true budget growth because all increases are measured from the base year.

Conversely, using the base year (fiscal 2008) plus fiscal 2009 appropriations for budget comparisons more accurately reflects true budget growth. This is because the increases/decreases are measured from a biennial perspective that takes into account the annual increase from the base year to the fiscal 2009 appropriated amount.

While consideration of increases over the base year is necessary to making budgetary decisions, the adjustments should not be used as measures of growth or for comparative purposes. When making comparisons, the total budget for the 2011 biennium should be examined in comparison with the total 2009 biennium, as described above.

Figure 27

General Fund Comparison 2009 Biennium Versus Executive Budget 2011 Biennium				
Agency Code    Agency Name	Total Adjusted Fiscal 08-09	Total Exec. Budget Fiscal 10-11	Difference 2011 Biennium - 2009 Biennium	% Change 2011 Biennium 2009 Biennium
<b>House Bill 2</b>				
1104    Legislative Branch	\$20,366,003	\$23,997,996	\$3,631,993	17.83%
2110    Judicial Branch	67,719,533	70,094,824	2,375,291	3.51%
3101    Governor's Office	11,722,960	11,971,881	248,921	2.12%
3202    Comm Of Political Practices	814,260	935,225	120,965	14.86%
3501    Office Of Public Instruction	1,308,810,866	1,371,347,089	62,536,223	4.78%
4107    Board of Crime Control	4,500,086	5,009,104	509,018	11.31%
4110    Department Of Justice	49,037,415	51,509,293	2,471,878	5.04%
5101    Board Of Public Education	434,314	453,967	19,653	4.53%
5102    Commissioner Of Higher Education	356,448,448	366,799,703	10,351,255	2.90%
5113    School For The Deaf & Blind	11,246,999	11,578,220	331,221	2.94%
5114    Montana Arts Council	926,924	942,670	15,746	1.70%
5115    Montana State Library	4,861,548	5,545,458	683,910	14.07%
5117    Montana Historical Society	5,390,101	5,494,043	103,942	1.93%
5201    Department Of Fish, Wildlife & Parks	0	0	0	
5301    Department Of Environmental Quality	9,873,546	11,805,530	1,931,984	19.57%
5401    Department Of Transportation	0	0	0	
5603    Department Of Livestock	2,228,119	2,223,993	(4,126)	-0.19%
5706    Dept Of Natural Resources & Conservation	42,703,304	45,968,017	3,264,713	7.65%
5801    Department Of Revenue	95,765,686	101,846,103	6,080,417	6.35%
6101    Department Of Administration	13,081,930	13,651,733	569,803	4.36%
6106    Mt Consensus Council	153,390	0	(153,390)	-100.00%
6108    Office Of The Public Defender	38,803,620	40,281,705	1,478,085	3.81%
6201    Department Of Agriculture	1,691,829	2,104,297	412,468	24.38%
6401    Department Of Corrections	338,688,378	357,025,122	18,336,744	5.41%
6501    Department Of Commerce	5,045,062	5,242,075	197,013	3.91%
6602    Department Of Labor & Industry	4,370,280	5,258,361	888,081	20.32%
6701    Department Of Military Affairs	10,882,696	11,642,486	759,790	6.98%
6901    Dept Of Public Health & Human Services	<u>744,839,143</u>	<u>818,041,514</u>	<u>73,202,371</u>	<u>9.83%</u>
Total	<u>\$3,150,406,440</u>	<u>\$3,340,770,409</u>	<u>\$190,363,969</u>	<u>6.04%</u>
<b>Comparable Adjustments</b>				
Statutory Appropriations (LFD)	332,150,151	354,727,324	22,577,173	6.80%
Transfers (LFD) *	17,021,016	18,724,531	1,703,515	10.01%
Misc. and One-time Appropriations	620,217,393	83,764,736	(536,452,657)	-86.49%
Anticipated Reversions (LFD)	<u>(112,028,000)</u>	<u>(12,040,000)</u>	<u>99,988,000</u>	<u>-89.25%</u>
Total With Comparable Adjustments	<u>\$4,007,767,000</u>	<u>\$3,785,947,000</u>	<u>(\$221,820,000)</u>	<u>-5.53%</u>
<b>Non Comparable Adjustments</b>				
Budget Amendments	0	0	0	
Supplementals	2,648,000		<u>(2,648,000)</u>	<u>-100.00%</u>
Total With All Adjustments	<u>\$4,010,415,000</u>	<u>\$3,785,947,000</u>	<u>(\$224,468,000)</u>	<u>-5.60%</u>
* The amounts are transferred to other accounts and appropriated in HB 2 or other appropriation bills				

Figure 28

All Funds Comparison 2009 Biennium Versus Executive Budget 2011 Biennium					
Agency		Total	Total	Difference	% Change
Code	Agency Name	Adjusted Fiscal 08-09	Exec. Budget Fiscal 10-11	2011 Biennium - 2009 Biennium	2011 Biennium 2009 Biennium
<b>House Bill 2</b>					
1104	Legislative Branch	\$24,958,869	\$28,713,389	\$3,754,520	15.04%
1112	Consumer Council	2,798,194	3,514,145	715,951	25.59%
2110	Judicial Branch	71,644,981	74,734,483	3,089,502	4.31%
3101	Governor's Office	11,771,760	12,036,881	265,121	2.25%
3201	Secretary Of State's Office	0	0	0	
3202	Commissioner Of Political Practices	814,260	935,225	120,965	14.86%
3401	State Auditor's Office	32,852,900	37,658,205	4,805,305	14.63%
3501	Office Of Public Instruction	1,621,223,547	1,675,901,498	54,677,951	3.37%
4107	Board of Crime Control	39,433,920	17,987,499	(21,446,421)	-54.39%
4110	Department Of Justice	134,922,634	138,777,710	3,855,076	2.86%
4201	Public Service Regulation	6,556,119	7,216,045	659,926	10.07%
5101	Board Of Public Education	785,931	825,648	39,717	5.05%
5102	Commissioner Of Higher Education	516,229,253	516,530,931	301,678	0.06%
5113	School For The Deaf & Blind	12,151,672	12,562,974	411,302	3.38%
5114	Montana Arts Council	2,546,990	2,564,778	17,788	0.70%
5115	Montana State Library	9,496,339	9,374,994	(121,345)	-1.28%
5117	Montana Historical Society	8,764,222	8,973,294	209,072	2.39%
5201	Department Of Fish, Wildlife & Parks	133,897,591	142,988,175	9,090,584	6.79%
5301	Department Of Environmental Quality	99,087,459	116,285,742	17,198,283	17.36%
5401	Department Of Transportation	1,072,890,974	1,104,081,334	31,190,360	2.91%
5603	Department Of Livestock	19,597,825	21,423,736	1,825,911	9.32%
5706	Dept Of Natural Resources & Conservation	97,033,310	102,825,894	5,792,584	5.97%
5801	Department Of Revenue	102,578,180	109,312,237	6,734,057	6.56%
6101	Department Of Administration	41,625,162	44,089,222	2,464,060	5.92%
6106	Mt Consensus Council	338,090	0	(338,090)	-100.00%
6108	Office Of The Public Defender	38,922,076	40,368,617	1,446,541	3.72%
6201	Department Of Agriculture	27,212,415	32,919,510	5,707,095	20.97%
6401	Department Of Corrections	346,891,865	366,680,737	19,788,872	5.70%
6501	Department Of Commerce	47,555,563	61,004,900	13,449,337	28.28%
6602	Department Of Labor & Industry	143,758,568	143,269,877	(488,691)	-0.34%
6701	Department Of Military Affairs	55,301,822	81,173,859	25,872,037	46.78%
6901	Dept Of Public Health & Human Services	<u>2,947,240,483</u>	<u>3,240,634,192</u>	<u>293,393,709</u>	<u>9.95%</u>
	<b>Total</b>	<b>\$7,670,882,974</b>	<b>\$8,155,365,731</b>	<b>\$484,482,757</b>	<b>6.32%</b>
<b>Comparable Adjustments</b>					
	Statutory Appropriations	1,163,505,303	1,066,958,305	(96,546,998)	-8.30%
	Misc. & One-time Appropriations	1,706,177,867	388,914,839	(1,317,263,028)	-77.21%
	Anticipated Reversions (general fund)	<u>(112,028,000)</u>	<u>(12,040,000)</u>	<u>99,988,000</u>	<u>-89.25%</u>
	<b>Total With Comparable Adjustments</b>	<b>\$10,428,538,144</b>	<b>\$9,599,198,875</b>	<b>(\$829,339,269)</b>	<b>-7.95%</b>
<b>Non Comparable Adjustments</b>					
	Budget Amendments	0	0	0	
	Supplementals	<u>25,390,784</u>	<u>0</u>	<u>(25,390,784)</u>	<u>-100.00%</u>
	<b>Total With All Adjustments</b>	<b>\$10,453,928,928</b>	<b>\$9,599,198,875</b>	<b>(\$854,730,053)</b>	<b>-8.18%</b>

## APPENDIX C

### INDEX TO OTHER LFD BUDGET REFERENCE DOCUMENTS

In addition to the Legislative Budget Analysis – 2011 Biennium (Volumes 1 through 7), there are several other reference documents that legislators and other interested parties can use as a source of information concerning budget and other fiscal matters. A limited number of reports of past biennia are available for reference in the LFD office (photo copies of pages of interest can be made). Training publications and brochures are available for distribution and on the LFD website. Check with an LFD staff member for assistance (see staff list near the front of this volume).

#### TRAINING PUBLICATIONS

Training materials prepared by the LFD include the following:

- Understanding State Finances and the Budgeting Process (A Reference Manual for Legislators) is a helpful guide for persons wanting more detailed information concerning fiscal matters
- HB 2 the Barbarian (How to Make HB 2 Implement Public Policy as Determined by the Legislature) describes the intricacies of developing the general appropriations act

#### FISCAL POCKET GUIDES

A variety of brochures have been prepared to provide summary information concerning select topics important to legislators and other interested parties.

- |                                            |                                                  |
|--------------------------------------------|--------------------------------------------------|
| √ Bed Tax                                  | √ Oil & Natural Gas Tax                          |
| √ Beer Tax                                 | √ Pertinent State Statistics                     |
| √ Cigarette Tax                            | √ Property Tax                                   |
| √ Coal Severance Tax                       | √ Rental Car Sales Tax                           |
| √ Coal Severance Tax - A Data View         | √ Resource Indemnity Trust                       |
| √ Coal Severance Tax - A Pictorial View    | √ State Employees Budgeting                      |
| √ Coal Severance Tax - Distribution Detail | √ State Financial and Budgeting Structure        |
| √ Corporation Income Tax                   | √ TANF (Temporary Assistance for Needy Families) |
| √ Electrical Energy Tax                    | √ Telecommunications Tax                         |
| √ General Fund (by year)                   | √ Tobacco Settlement                             |
| √ Higher Education                         | √ Tobacco Settlement Financial Summary           |
| √ Individual Income Tax                    | √ Tobacco Tax                                    |
| √ Insurance Tax & License Fees             | √ Video Gambling Tax                             |
| √ Insure Montana                           | √ Wholesale Energy Tax                           |
| √ K-12 Education Funding                   | √ Wildfire Suppression Funding                   |
| √ Liquor Excise Tax                        | √ Wine Tax                                       |
| √ Medicaid                                 |                                                  |
| √ Metalliferous Mines Tax                  |                                                  |
| √ Montana Highway Funding                  |                                                  |

The LFD would welcome suggestions for other possible topics for pocket guides.

### **AGENCY PROFILES**

The LFD has created a “profile” of each of the agencies of state government for which funding is provided in the general appropriations act. These profiles include summaries of what the agency does, how it does it, how it is funded, who its primary customers are, and how the legislature can effect change. The profiles also contain a history of expenditures and selected pertinent statistics.

### **PREVIOUS REPORTS**

The Legislative Budget Analysis is prepared at the beginning of each biennium and the Legislative Fiscal Report is published at the end of each session. The latter is a record of legislative actions that resulted from the enactment of House Bill 2 and other appropriation legislation, as well as revenue estimation and discussion of other fiscal issues.

- The Legislative Budget Analysis for all biennia beginning with the 1979 biennium is stored in the LFD office and in the State Library
- The Legislative Fiscal Report for all biennia beginning with the 1979 biennium is stored in the LFD office and in the State Library. Early versions of this report were titled the Appropriations Report

### **LFD WEBSITE**

The Legislative Fiscal Division maintains a comprehensive website which, as mentioned, contains all of the above items except for items that predate the website (circa 1999).

Beginning with the 2011 Legislative Budget Analysis, some previously published items in the Volume 1 - Statewide Perspectives has been removed from that volume and placed on the LFD website with the Legislative Budget Analysis, in an area referred to as Volume 8. Feel free to ask LFD staff for assistance if you have trouble finding or accessing these items. The LFD website address is:

[www.leg.mt.gov/css/fiscal/](http://www.leg.mt.gov/css/fiscal/)

On the LFD home page, you can find a list of available publications and reports.